



Mr. Michael Kao, Chairman &  
Mr. Francis Kao, Deputy Chairman

In the financial year ended 31st March 2004, the Group entered into a new chapter in its pursuit in advancing to the next echelon in the world of CG animation.

Our exclusive service contract with DreamWorks Television Animation LLC ("DreamWorks") for the production of the CG animation TV series *Father of the Pride* ("*FOTP*") was a milestone in our Group's history. The Group won this first ever CG animation outsourcing contract from DreamWorks amidst very keen competition and biddings from animation studios around the world. *FOTP*, which is expected to appear on NBC in the USA in Fall 2004, will be the very first CG animation series broadcasted on major network's prime time.

This confidence vote by DreamWorks had injected a great dose of inspiration and encouragement into our production crew, which grew from a team of six in Year 2000 to now a strong league of close to 300 animators and CG talents. In a recent Hong Kong media interview, Jeffrey Katzenberg, the creator of *FOTP* and a co-founder of DreamWorks (the other two being Steven Spielberg and David Geffen) expressed his feelings towards the Group's work on *FOTP*, "I could not be more fascinated by the work... It is really – in every respect – exceeding my expectations. There is no one in the world even doing anything close to what they are". His kind words served as a further testimony of our team's effort and proven performance.

A similar cooperation model is also taken to the East. During the year, we entered into a co-production agreement with Bandai Co. Ltd. ("Bandai") and Toei Animation Co. Ltd. ("Toei") for the production of direct-to-video movie *Digital Monster X-Evolution*, the first-ever full CG production of the successful *Digimon* franchise. We hope that the vividness and realism brought forth by state-of-the-art CG animation can bring a new experience to *Digimon* fans around the world.

After winning awards in Germany and the USA, *Zentrix*<sup>TM</sup>, our first CG animation television series, won the "Gold Prize Award (Computer Animation)" in the first-ever Hong Kong Digital Entertainment Excellence Awards in May 2003. With licensing agreements recently made for Asia Pacific region (excluding Japan and Oceania) and for North America, the reach of *Zentrix*<sup>TM</sup>'s licensing now covers most of the world. In July 2004, *Zentrix*<sup>TM</sup> will premiere on TVB Jade channel, making it the first Hong Kong made CG animation TV series to appear on the city's television screens. We hope that viewers in Hong Kong will enjoy this action-packed adventure as much as the viewers in France, Germany, Japan and England and can share our pride as Hong-Kongers in this award-winning, Hong Kong-made CG animation production.

The cooperation with world-class players like DreamWorks and Bandai has brought tremendous enhancement to the Group's artistry, techniques and vision. While exploring further business and partnership opportunities, we are also concurrently entering pre-production cycle for a number of our own CG feature film titles, which will be produced in our second production studio opened in June 2004. In producing our own feature film titles, the Group will utilise the expertise of our creative, production and marketing teams in Hong Kong, Japan and the USA to create products well suited to the global market. Furthermore, we will adopt a prudent investment strategy for these proprietary titles, ensuring completion of significant presold distribution arrangements before the Group's exposure to significant production costs.

I strongly believe that, with the balanced expansion strategy and an international vision, Imagi International is on track to becoming a cutting edge world-class animation studio and maximising shareholders' value.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to our worldwide viewers, clients and distributors for their trust and support towards our CG animation productions and services. I would also like to take this opportunity to express my appreciation to our shareholders for their support and to our staff for their loyalty, dedication and hard work.

**Kao Cheung Chong, Michael**  
*Chairman*

Hong Kong, 29th June 2004